



TOWN OF EASTHAM

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TIMOTHY SMITH FUND LOAN POLICY

1.0 Authority

The Board of Selectmen hereby adopt a policy for the Timothy Smith Fund effective on the date of adoption.

2.0 Purpose

The purpose of this policy is to set up procedures and regulations that act in accordance with the Timothy Smith will.

3.0 Applicability

This policy will apply to any person who has or wishes to apply for a Timothy Smith Fund loan.

4.0 Definition

The Timothy Smith Fund is the fund set up through the will of Timothy Smith whereby eligible persons may obtain loans to help pay for expenses related to post secondary degree work, i.e., tuition fees and supplies.

5.0 Responsibility

It is the responsibility of the Town Administrator to ensure that this policy is upheld. The Town Treasurer will be charged with administering the paperwork for loan requests and loan repayments for this fund.

6.0 Standards/Rules and Regulations

6.1 Eligibility

Any current Eastham resident may apply for a Timothy Smith Fund loan.

6.2 General Requirements

6.2.1 Loans are for tuition fees and supplies. Each loan shall be paid jointly to the educational facility and the applicant.

6.2.2 Loans are for post-secondary work.

6.2.3 Education is not limited to general courses of study, and may include trade a or specialty school.

6.2.4 All applicants must provide proof of acceptance, school name and address, and proof of continued enrollment in said school.

6.2.5 All applicants are eligible for loans four (4) times. The application years may or may not be consecutive school years.

6.2.6 For all loans, the applicant will receive annually, a statement reflecting current loan balance, year to date interest and repayment information. If an applicant feels he/she should not start repayment due to continued enrollment in school, proof of such enrollment must be provided. Failure to commence repayments upon request, or provide proof of continued enrollment may result in use of a collection agency for repayment.

6.0 Standards/Rules and Regulations Continued

6.3 Policy

6.3.1 Loan Application.

All persons applying for loans must complete annually, an application before July 1 of any eligible year. The application must include name of the accepting school, as checks will be made out jointly to the applicant and the school.

6.3.2 New Applicants.

If the applicant has not received a loan in the previous year, an interview will be required with one of the loan trustees (member of the Board of Selectmen). A copy of the letter of acceptance from the school must be attached to the application.

6.3.3 Loan amount.

Applicants may receive up to a maximum of \$4,000 per academic year, depending on the availability of funds. Loan amounts are subject to change by trustees.

6.3.4 Repayment.

Repayment will begin in accordance with the trust requirements one year after the applicant is no longer in school, or six years after the date of the first note, whichever is first. Semester breaks will not require repayments to begin. However, if a student leaves school for one year, it will be necessary to begin repayments. If a student returns to school, repayments will cease for that time and not commence until a student is out for one year. Interest however, will accrue in accordance with the loan terms and agreement.

6.3.5 Interest will be accrued and computed annually, as of January 1. The trustees (Board of Selectmen) will set the interest rate on an annual basis.

6.3.6 Loan notes shall be signed by the applicant and co-signer and shall outline repayment schedule and interest rate.

6.4 Collection policy

As of the date of the adoption of this policy, the collection policy of the Town of Eastham for Timothy Smith Fund loans shall be:

1. All Timothy Smith Fund loans issued prior to December 31, 1979 will be written off as uncollectable.
2. All recipients of Timothy Smith Fund loans issued after January 1, 1980 will be notified of the following information by letter: If the loan is paid off within one (1) year of the date of the letter, all interest payments will be forgiven. 2. If the loan is not paid within the one (1) year time frame, then interest for the loan will be at 3% per year, simple interest, retroactive to the date of the original letter. 3. If the loan goes unpaid still, the loan recipient and co-signers of the loan will not be allowed to obtain beach stickers, shellfish licenses, or other permits from the Town of Eastham. In addition, the information regarding the default of the student loan will be reported to the national credit bureau.
3. The loan recipient has 15 days to reply to the first letter. If the Town does not receive a response, then the letter will be sent out by certified mail.
4. Interest on all new and existing loans are at 3% as of the date of the adoption of this policy until further notice.

7.0 The Board of Selectmen or their designee reserves the right to revise this policy at any time.

8.0 Effective Date

The policy is effective as of September 15, 2008.

This policy was adopted by the Board of Selectmen at a public meeting on September 15, 2008.

Signed,
Eastham Board of Selectmen.

Signature Linda S. Burt
Linda S. Burt, Chairman

Date 9-15-08